

# ASX Announcement: ROY

8 October 2009



## RENOUNCEABLE RIGHTS ISSUE

### Key Points:

- **The Company is undertaking a pro-rata renounceable offer to shareholders**
- **The pro-rata offer is on the basis of 1 share for every 1 share held at the record date**
- **The issue price is \$0.10 each**
- **One free attaching New Option will be issued for every three New Shares subscribed for**
- **The New Option will be exercisable at \$0.10 and have a term of two years**
- **The New Option will carry a “piggy-back” Secondary Option: if the New Option is exercised on or before 31 May 2010 it will be replaced with a Secondary Option having an exercise price of \$0.12 and a term of three years**
- **This rights issue will raise approximately \$10,132,828, before costs**
- **Capital raised will be used to complete the recently announced acquisition of the Razorback Magnetite Project and to undertake resource evaluation drilling of the deposit**

The Directors of Royal are pleased to announce a pro-rata renounceable rights issue to existing shareholders of approximately 101.3 million New Shares on the basis of 1 New Share for every 1 Share held on the record date, at an issue price of 10 cents per share, together with approximately 33.8 million free attaching New Options, each having an exercise price of 10 cents and an expiry date of 31 October 2011, on the basis of 1 New Option for every 3 New Shares issued, to raise approximately \$10,132,828, before costs. If a New Option is exercised between 3 May 2010 and 31 May 2010, the New Optionholder is entitled to receive a Secondary Option, each having an exercise price of 12 cents and an expiry date of 31 October 2013 (Rights Issue).

The record date for determining entitlements under the Rights Issue is expected to be on or around 21 October 2009 (Record Date). The final Record Date will be set and announced shortly.

The Rights Issue is expected to be fully underwritten by Paterson Securities Limited (Underwriter) subject to the execution of formal documentation.

Royal is undertaking the Rights Issue to:

- complete the acquisition of the Razorback project as announced to the ASX on 16 September 2009;
- undertake geological mapping, geophysical surveying, surface sampling and resource definition drilling to achieve a JORC-compliant Inferred Resource at the Razorback project within two years;

- initiate an Economic Evaluation, fauna and flora, and hydrogeological studies to support advancement of the Razorback project to feasibility study; and
- provide for administration costs and working capital.

The Directors of Royal have indicated that they will be taking up their entitlements and encourage all shareholders to participate in the Rights Issue.

It is intended that the prospectus for the Rights Issue (Prospectus) will be lodged with the Australian Securities and Investments Commission and announced to the ASX Limited (ASX) on or about 13 October 2009.

Royal has determined, pursuant to Listing Rule 7.7.1(a) of the ASX, that it would be unreasonable to make offers under the Prospectus to all countries outside of Australia and New Zealand. Accordingly, in compliance with ASX Listing Rule 7.7.1(b), Royal will not be extending the Rights Issue to shareholders located in all countries outside Australia and New Zealand.

It is anticipated that the Prospectus, together with a personalised Entitlement and Acceptance Form, will be sent to all shareholders resident in Australia and New Zealand on or about the 27 October 2009. An Appendix 3B is attached.

For further information contact:

**Marcus Flis**  
**Chief Executive Officer**  
**+61 8 9322 8542**

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000.

Name of entity

**ROYAL RESOURCES LIMITED**

ABN, ARBN or ARSN

**34 108 102 432**

We (the entity) give ASX the following information.

### Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- |   |   |   |
|---|---|---|
| 1 | +Class of +securities issued or to be issued  | (i) Ordinary fully paid shares.<br>(ii) Options.  |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued   | (i) 101,329,828*<br>(ii) 33,776,609<br><br>*Note: this number assumes the issue of 8,869,108 fully paid ordinary shares pursuant to a Memorandum of Understanding between the Company and Sin-Tang Development Pte Ltd as announced on the same date as this Appendix 3B. |
| 3 | Principal terms of the +securities (e.g., if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)  | (i) Fully paid.<br>(ii) Options expiring 31 October 2011 exercisable at 10 cents each.  |
| 4 | Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?<br><br>If the additional securities do not rank equally, please state: <ul style="list-style-type: none"><li>• the date from which they do</li><li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li></ul> | (i) Yes – fully paid ordinary.<br>(ii) No.  |
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- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

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5 Issue price or consideration

- |      |                   |
|------|-------------------|
| (i)  | \$0.10 per share. |
| (ii) | No consideration. |

6 Purpose of the issue  
(If issued as consideration for the acquisition of assets, clearly identify those assets)

To raise funds to:

- complete the acquisition of the Razorback project as announced to the ASX on 16 September 2009;
- undertake geological mapping, geophysical surveying, surface sampling and resource definition drilling to achieve a JORC-compliant Inferred Resource at the Razorback project within two years;
- initiate an economic evaluation, fauna and flora, and hydrogeological studies to support advancement of the Razorback project to feasibility study; and
- provide for administration costs and working capital.

7 Dates of entering +securities into uncertificated holdings or despatch of certificates

TBA.

8 Number and +class of all +securities quoted on ASX (*including* the securities in clause 2 if applicable)

Number	+Class
202,659,656	Ordinary fully paid.
33,776,609	Options expiring 31 October 2011 exercisable at 10 cents each.

	Number	+Class	
9	Number and +class of all +securities not quoted on ASX ( <i>including</i> the securities in clause 2 if applicable)	4,800,000	Options expiring 31 January 2011 exercisable at 20 cents each.
		6,750,000	Options expiring 30 June 2012 exercisable at 50 cents each.
		250,000	Options expiring 10 January 2011 exercisable at 34 cents each.
		1,350,000	Options expiring 15 January 2011 exercisable at 50 cents each.
		500,000	Options expiring 9 March 2010 exercisable at 20 cents each.
		500,000	Options expiring 9 March 2010 exercisable at 40 cents each.
		1,500,000	Options expiring 6 April 2011 exercisable at 25 cents each.
		1,500,000	Options expiring 6 April 2012 exercisable at 30 cents each.
		1,500,000	Options expiring 6 April 2013 exercisable at 50 cents each.
		420,000	Options expiring 30 June 2011 exercisable at 34 cents each.
		3,000,000	Options expiring 30 November 2013 exercisable at 30 cents each.
		100,000	Options expiring 31 December 2011 exercisable at 8 cents each.
	1,900,000	Options expiring 30 April 2013 exercisable at 8 cents each.	
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Not applicable.	

## Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	No.
12	Is the issue renounceable or non-renounceable?	Renounceable.
13	Ratio in which the +securities will be offered	1 new share for every 1 share held at record date. 1 option for every 3 new shares issued.

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14	+Class of +securities to which the offer relates	Ordinary fully paid shares.
15	+Record date to determine entitlements	
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	Not applicable because the Company has only one register.
17	Policy for deciding entitlements in relation to fractions	Fractions will be rounded down.
18	Names of countries in which the entity has +security holders who will not be sent new issue documents  Note: Security holders must be told how their entitlements are to be dealt with.  Cross reference: rule 7.7.	All countries other than Australia and New Zealand.
19	Closing date for receipt of acceptances or renunciations	TBA.
20	Names of any underwriters	Patersons Securities Limited, subject to formal documentation.
21	Amount of any underwriting fee or commission	TBA.
22	Names of any brokers to the issue	Not applicable.
23	Fee or commission payable to the broker to the issue	Not applicable.
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	Not applicable.
25	If the issue is contingent on +security holders' approval, the date of the meeting	Not applicable.
26	Date entitlement and acceptance form and prospectus will be sent to persons entitled	TBA.
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	Proposed to be 13 October 2009.
28	Date rights trading will begin (if applicable)	TBA.
29	Date rights trading will end (if applicable)	TBA

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|---|---|
| 30 How do +security holders sell their entitlements <i>in full</i> through a broker?                            | By completing the section marked "Sale of entitlement in full by your Stockbroker/Agent" on the Entitlement and Acceptance Form and lodge with your broker.   |
| 31 How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance? | By completing the section marked "Sale of your Entitlement in part and acceptance of the balance" on the Entitlement and Acceptance Form in respect of part of your entitlement and lodge with your broker. |
| 32 How do +security holders dispose of their entitlements (except by sale through a broker)?                    | Standard Renunciation Form, Entitlement and Acceptance Form and transferee's cheque return to the Company's share registry.   |
| 33 +Despatch date   | TBA.  |

## Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

34 Type of securities  
(tick one)

(a)  Securities described in Part 1

(b)  All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

### Entities that have ticked box 34(a)

#### Additional securities forming a new class of securities

*(If the additional securities do not form a new class, go to 43)*

*Tick to indicate you are providing the information or documents*

- 35  The names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36  A distribution schedule of the additional +securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over
- 37  A copy of any trust deed for the additional +securities

*(now go to 43)*

### Entities that have ticked box 34(b)

38 Number of securities for which  
+quotation is sought

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39 Class of +securities for which quotation  
is sought

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40 Do the +securities rank equally in all  
respects from the date of allotment with  
an existing +class of quoted +securities?

If the additional securities do not rank  
equally, please state:

- the date from which they do
- the extent to which they participate  
for the next dividend, (in the case of  
a trust, distribution) or interest  
payment
- the extent to which they do not rank  
equally, other than in relation to the  
next dividend, distribution or interest  
payment

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41 Reason for request for quotation now

Example: In the case of restricted securities,  
end of restriction period

(if issued upon conversion of another  
security, clearly identify that other  
security)

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42 Number and +class of all +securities  
quoted on ASX (*including* the securities  
in clause 38)

Number	+Class
-	-

(now go to 43)

## All entities

### Fees

43 Payment method (tick one)

Cheque attached

Electronic payment made

Note: Payment may be made electronically if Appendix 3B is given to ASX electronically at the same time.

Periodic payment as agreed with the home branch has been arranged

Note: Arrangements can be made for employee incentive schemes that involve frequent issues of securities.

**Quotation agreement**

- 1 +Quotation of our additional +securities is in ASX’s absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant to ASX that the issue of the +securities to be quoted complies with the law and is not for an illegal purpose, and that there is no reason why those +securities should not be granted +quotation. We warrant to ASX that an offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) of the Corporations Law.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here: FRANK DeMARTE  
Company Secretary

Date: 8 October 2009

Print name: FRANK DEMARTE

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